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Report on the activities of the Office of Internal Oversight Services

Comprehensive audit of air travel activities and related practices

Report of the Office of Internal Oversight Services

Overall results relating to the effective management of air travel activities were partially satisfactory

Summary

Pursuant to General Assembly resolution 65/268, the Office of Internal Oversight Services (OIOS) conducted a comprehensive audit of air travel activities and related practices. The audit covered air travel operations at United Nations Headquarters, the United Nations Office at Geneva, the United Nations Office at Vienna, the United Nations Office at Nairobi, the United Nations Organization Stabilization Mission in the Democratic Republic of the Congo and the United Nations Assistance Mission for Iraq.

The audit was conducted to assess the adequacy and effectiveness of the governance, risk management and control processes of the Secretariat in providing reasonable assurance regarding the effective management of air travel activities. The audit included: (i) assessing the status of the implementation of provisions in resolution 65/268 for the efficient and effective utilization of air travel resources; (ii) determining the adequacy and effectiveness of processes for procuring air travel management services and delegating the authority for granting exceptions to standards of accommodation for air travel; (iii) identifying all expenditures on air travel and lump-sum payments to eligible staff members; and (iv) carrying out a cost-benefit analysis of the lump-sum options.

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Travel represents one of the most significant categories of expenditure for the Organization comprising costs of members of organs or subsidiary organs of the United Nations, meeting participants, staff members and their eligible family members, and consultants travelling on official business. OIOS, in cooperation with the Office of Programme Planning, Budget and Accounts, estimated that travel expenditures consisting of airfares, subsistence allowances, lump sums and shipment costs amounted to $575 million at Headquarters, offices away from Headquarters and regional commissions during the biennium 2010-2011 and $194 million at peacekeeping missions for the financial years ended 30 June 2010 and 30 June 2011.

In the opinion of OIOS, the governance, risk management and control processes of the Secretariat that were examined were partially satisfactory in providing reasonable assurance regarding the effective management of air travel activities.

The key audit results were as follows:

- The Secretariat had implemented some of the provisions of resolution 65/268 and was in the process of implementing others.
- The existing management information systems were not capable of producing travel expenditure information for the Secretariat as a whole in a cost-effective manner.
- Mechanisms had been established for making travel arrangements, including contracts to provide travel management services. Some offices had also entered into agreements with airlines to obtain discounts or discounted fares. However, travel was not managed globally to consolidate requirements and maximize discounts that can be obtained from airline agreements; while there was effective coordination among travel managers across the United Nations system, more collaboration was needed among travel managers within the Secretariat; there was no formal guidance to implement travel policies, and key terms, such as the lowest logical airfare, which should govern the determination of airfares, had not been formally defined; and performance indicators and mechanisms for measuring and evaluating travel agents' performance were not fully developed and implemented at Headquarters, the United Nations Office at Geneva and the United Nations Office at Nairobi.
- The bidding process for contracts was generally in compliance with the Financial Regulations and Rules of the United Nations and covered the requirements of relevant United Nations organizations. However, the criteria for conducting legal compliance reviews during the bid evaluation process and forming teams to conduct commercial evaluations of bids at Headquarters should be clarified.
- Policies and procedures regarding the granting of exceptions to standards of accommodation for air travel were adequate and implemented consistently. However, a formal non-transferable letter delegating the authority from the Secretary-General to the Under-Secretary-General for Management was yet to be issued.

- The Department of Management had not conducted a cost-benefit analysis of the lump-sum option for travel since 1995 to confirm whether the option was achieving the expected results. The election of the option by 91 per cent of staff members at the main duty stations indicates that it is financially attractive to the staff.

- On average, the lump-sum amount payable was approximately 77 per cent of the cost of United Nations-arranged travel. Unaccompanied shipments accounted for around 53 per cent of the cost of United Nations-arranged travel; however, this entitlement was not used widely. When the costs of unaccompanied shipment were excluded from the computations, lump-sum amounts were 183 per cent of the estimated travel costs.

- The use of the lowest unrestricted published fare as the reference fare for calculating the lump-sum entitlement contributed to higher lump-sum amounts.

- The relocation grant provided flexibility in the administration of shipment and removal entitlements. However, based on the 2011 shipment data analysed, the current amounts of relocation grants exceeded the costs that are incurred when the United Nations arranged shipment of staff members' personal effects.

- Other options for computing the lump sums, which ensure that the options remain reasonably attractive to staff members while the Organization realizes the benefits of administrative efficiency and lower costs, should be assessed.

OIOS issued 22 important recommendations for strengthening internal controls, all of which were accepted.

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I. Background

1. Pursuant to General Assembly resolution 65/268, the Office of Internal Oversight Services (OIOS) conducted a comprehensive audit of air travel activities and related practices.

2. Air travel is an essential activity in United Nations operations and a significant expense category. Air travel is undertaken for official business by members of organs or subsidiary organs of the United Nations, meeting participants, staff members and their eligible family members, and consultants.

3. Travel Sections at various offices are responsible for managing air travel services. Most of these sections are supported by travel management services contractors, which provide expertise in arranging travel in accordance with United Nations travel policies. Over 30 travel management services contracts were established, some jointly with other United Nations organizations at the concerned duty station. Some of the Travel Sections had also entered into agreements with airlines to get discounts or discounted fares.

4. Historically, it has been difficult to obtain consolidated and comprehensive data on air travel expenditures across the United Nations due to limitations in information systems. OIOS, in cooperation with the Office of Programme Planning, Budget and Accounts (OPPBA), estimated that travel expenditures (comprising costs of air tickets, lump-sum amounts, subsistence allowances, terminal expenses and shipments) for United Nations Headquarters, offices away from Headquarters and regional commissions for the biennium 2010-2011 were approximately $535 million. Travel expenditures for special political missions for the biennium 2010-2011 amounted to $40 million. For peacekeeping missions, the expenditures amounted to $91 million and $103 million for the financial years ended 30 June 2010 and 30 June 2011, respectively.

II. Objective and scope

5. The audit was conducted to assess the adequacy and effectiveness of the governance, risk management and control processes of the Secretariat in providing reasonable assurance regarding the effective management of air travel activities.

6. The audit included: (i) assessing the status of implementation of provisions in resolution 65/268 for the efficient and effective utilization of air travel resources; (ii) determining the adequacy and effectiveness of processes for procuring air travel management services and for delegating the authority for granting exceptions to standards of accommodation for air travel; (iii) identifying all expenditures on air travel and lump-sum payments to eligible staff members; and (iv) carrying out a cost-benefit analysis of the lump-sum options.

7. The audit covered air travel activities at Headquarters, the United Nations Office at Geneva, the United Nations Office at Vienna, the United Nations Office at Nairobi, the United Nations Organization Stabilization Mission in the Democratic Republic of the Congo (MONUSCO), and the United Nations Assistance Mission for Iraq (UNAMI). OIOS selected MONUSCO and UNAMI to ensure that the sample included a peacekeeping mission and a special political mission.

8. The following key controls were tested for this audit:

(a) Regulatory framework: controls that provide reasonable assurance that policies and procedures: (i) exist to guide travel management and procurement activities efficiently and effectively; (ii) are implemented consistently; and (iii) ensure the reliability and integrity of financial and operational information;

(b) Coordinated management: controls that provide reasonable assurance that adequate arrangements are in place to ensure collaboration and avoid potential gaps or overlaps.

9. The key controls were assessed for the control objectives shown in table 1 of the present report.

10. Comments provided by the Secretariat are shown in italics.

III. Audit results

11. In the opinion of OIOS, the governance, risk management and control processes of the Secretariat that were examined were partially satisfactory in providing reasonable assurance regarding the effective management of air travel activities.

12. The regulatory framework for procurement was largely in place, but there were some exceptions in applying it. Travel entitlements were defined in travel policies; however, there was no formal guidance to implement them, particularly with regard to the lowest logical airfare. Travel was not managed globally to consolidate requirements and maximize discounts from airline agreements. Travel management services contracts were managed by Travel Sections, but there was a need to develop and implement appropriate indicators and monitoring mechanisms to assess the performance of contractors. The information system had not been designed to readily produce consolidated financial and operational data on travel.

13. There was adequate coordination among United Nations organizations to develop the requirements for travel management services contracts. A travel payment system contract was established but only Headquarters was using it, potentially resulting in lost rebates. United Nations system travel managers collaborated effectively, but coordination among travel managers within the Secretariat needed to be strengthened.

14. Both key controls were assessed as partially satisfactory, and the overall rating is presented in table 1. OIOS issued 22 important recommendations for strengthening internal controls, all of which were accepted.

Table 1
Assessment of key controls for the effective management of air travel activities, by control objective

Key controls	*Control objectives*			
	Efficient and effective operations	*Accurate financial and operational reporting*	*Safeguarding of assets*	*Compliance with mandates, regulations and rules*
(a) Regulatory framework	Partially satisfactory	Partially satisfactory	Partially satisfactory	Partially satisfactory
(b) Coordinated management	Partially satisfactory	Not assessed	Partially satisfactory	Satisfactory

A. Implementation status (as at 31 December 2012) of the provisions in General Assembly resolution 65/268 relating to standards of accommodation for air travel

15. The Secretary-General had implemented a number of provisions in the resolution, while implementation of several others was in progress. The detailed implementation status is shown in table 2.

Table 2
Implementation status of provisions in General Assembly resolution 65/268

No.	*Provision*	*Status*
1.	To ensure that the procurement process for all travel management services contracts is conducted in compliance with the Financial Regulations.	Implemented. The present audit showed that the procurement process for acquisition of air travel-related services at selected offices was generally in compliance with the Financial Regulations and, where appropriate, offices awarded travel management services contracts to multiple vendors.
2.	To present proposals to the General Assembly on the conditions under which staff members below the level of Assistant Secretary-General may travel in business class.	Implemented. The Secretary-General presented proposals to the General Assembly in his report A/66/676.
3.	To ensure that the delegation to the Under-Secretary-General for Management, or any other senior management official, of the authority of the Secretary-General to grant exceptions for air travel is done with a formal non-transferable letter of appointment.	In progress. Administrative instruction ST/AI/2006/4 delegates the authority for granting exceptions to the Under-Secretary-General for Management, but a formal non-transferable letter delegating the authority from the Secretary-General to the Under-Secretary-General for Management was yet to be issued.

No.	*Provision*	*Status*
4.	To make a proposal for a mechanism to allow for the effective tracking of all costs associated with commercial air travel in the Secretariat and to maximize cost efficiencies in the purchase of air tickets and other services related to air travel, benefiting from best practices.	In progress. The travel module in Umoja is expected to allow the tracking of all costs associated with commercial air travel.
5.	To promote greater coordination across the United Nations system on air travel matters.	In progress. The present audit noted that although there was effective coordination among travel managers across the United Nations system, better collaboration was needed among travel managers within the Secretariat. Also, duty stations needed to adopt a more global approach to travel management and explore the possibility to negotiate airline agreements based on consolidated requirements and maximize the number of tickets that qualify for negotiated fares.
6.	To implement the planned enterprise resource planning/Umoja travel module.	In progress. The travel module in Umoja is scheduled for deployment by 2015.
7.	To introduce a set of clear and comprehensive guidelines to better regulate the authorization of upgrades in the class of air travel on an exceptional basis.	Implemented. Policies and procedures regarding the granting of exceptions to standards of accommodation for air travel were adequate and implemented consistently.
8.	To update the administrative instruction on official travel.	In progress. OIOS was informed that the process of updating the administrative instruction on official travel was awaiting the outcome of the deliberations of the General Assembly on the report of the Secretary-General (A/66/676) on proposed changes to the travel policy.
9.	To continue exploring, in the context of section II, paragraph 3, of General Assembly resolution 63/268 of 7 April 2009, all possible options for enhancing the effective and efficient utilization of resources for air travel across the United Nations system and making the most effective use possible of the lump-sum scheme.	In addition to the measures proposed in the report of the Secretary-General (A/66/676), the present report made a number of recommendations to further enhance effective and efficient utilization of resources for air travel. One of the changes proposed by the Secretariat is to expand the lump-sum option to travel on initial appointment, transfer and assignment.

No.	Provision	Status
10.	To ensure that the Travel and Transportation Section properly performs its contract management role.	The present audit showed that the Travel and Transportation Section needs to improve the monitoring of the performance of the contractor. For example, there is a need to define and monitor appropriate key performance indicators.
11.	To report to the General Assembly on the projected total expenditure on air travel under the regular budget for the bienniums 2010-2011, 2008-2009 and 2006-2007.	Not implemented.

B. Air travel expenditures

16. Currently, there is no process for reporting on consolidated air travel expenditure of the Secretariat. The present report indicates the estimated travel expenditures compiled by OIOS in cooperation with OPPBA.

17. Air travel expenditures consist of the costs of air tickets, lump-sum amounts, subsistence allowances, terminal expenses and shipments. For Headquarters, offices away from Headquarters, regional commissions and special political missions, the expenditures were compiled from the Integrated Management Information System (IMIS) for the biennium 2010-2011. Data for the financial years ended 30 June 2010 and 30 June 2011 for peacekeeping missions were obtained from the Sun system.

18. Based on data fields identified by OIOS, the Financial Information Operations Service in OPPBA extracted details of all travel requests in IMIS for which payments had been made. This method ensured that travel expenditure was captured, irrespective of the expenditure code in IMIS to which it was finally charged. However, it could not include travel in cases where a travel request had not been issued, since there was no way of identifying such cases, and did not take into account refunds received for cancelled trips and the reallocation of costs between duty stations. OIOS did not validate the data or audit the expenditures, beyond conducting basic reasonableness checks.

19. For peacekeeping missions, OIOS identified the travel-related expenditure codes in the Sun system and extracted the associated account balances. OIOS was unable to obtain disaggregated information on ticket costs, lump-sum amounts, etc. This information was available in a database maintained by peacekeeping missions, but was not reliable as its completeness and accuracy were not validated.

20. For special political missions, data from IMIS for the biennium 2010-2011 was extracted through the budget information system.

1. Financial reporting

21. IMIS is designed to report expenditures under 14 objects of expenditure and by the fund from which the expenditure is paid. While the system can readily produce such reports, it is not flexible enough to present information from other perspectives; for example, by nature of expenditure, such as travel.

22. The implementation of Umoja presents an opportunity to ensure that the management information system is capable of producing financial reports for various purposes.

Recommendation 1

OPPBA should ensure that Umoja is designed with the capability to produce a variety of financial reports to extract detailed information as necessary.

The Department of Management accepted recommendation 1 and stated that the travel module of Umoja is currently being designed with such requirements in mind. Its implementation will increase the capability to produce such financial reports.

2. Overall travel expenditure

23. Travel expenditure for Headquarters, offices away from Headquarters and regional commissions for the biennium 2010-2011 was approximately $535 million, as shown in table 3.

Table 3
Travel expenditure at Headquarters, offices away from Headquarters and regional commissions for the biennium 2010-2011

Location	*Ticket costs (in United States dollars)*	*Expenses[a] (in United States dollars)*	*Lump-sum payments (in United States dollars)*	*Total (in United States dollars)*
Headquarters	93 472 969	108 076 779	24 729 038	226 278 786
Offices away from Headquarters	97 027 371	120 259 396	15 933 915	233 220 682
Regional commissions	26 338 458	42 180 944	7 128 557	75 647 959
Total	**216 838 798**	**270 517 119**	**47 791 510**	**535 147 427**

Source: IMIS.
[a] Includes subsistence allowances, terminal expenses and removal expenses.

24. For peacekeeping missions, travel expenditures for the financial years ended 30 June 2010 and 30 June 2011 amounted to approximately $91 million and $103 million, respectively, as detailed in table 4.

Table 4
Travel expenditure for peacekeeping missions for the financial years ended 30 June 2010 and 30 June 2011

Mission	*2009-2010 (in United States dollars)*	*2010-2011 (in United States dollars)*	*Total (in United States dollars)*
MINURCAT	5 630 802	3 873 674	9 504 476
MINURSO	1 474 363	1 455 813	2 930 176
MINUSTAH	18 255 713	12 257 609	30 513 322
MONUC	10 782 249	–	10 782 249
MONUSCO	–	14 965 748	14 965 748
UNAMID	13 532 189	18 189 219	31 721 408
UNDOF	784 434	891 465	1 675 899
UNFICYP	2 565 185	2 869 535	5 434 720
UNIFIL	4 170 907	4 942 655	9 113 562
UNMIK	1 791 864	1 696 301	3 488 165
UNMIL	5 428 784	6 367 751	11 796 535
UNMIS	10 562 579	14 838 137	25 400 716
UNMIT	5 795 955	7 564 164	13 360 119
UNOCI	5 808 172	9 915 842	15 724 014
UNOMIG	414 549	–	414 549
UNSOA	4 462 960	2 826 889	7 289 849
Total	**91 460 705**	**102 654 802**	**194 115 507**

Abbreviations: MINURCAT, United Nations Mission in the Central African Republic and Chad; MINURSO, United Nations Mission for the Referendum in Western Sahara; MINUSTAH, United Nations Stabilization Mission in Haiti; MONUC, United Nations Organization Mission in the Democratic Republic of the Congo; MONUSCO, United Nations Organization Stabilization Mission in the Democratic Republic of the Congo; UNAMID, African Union-United Nations Hybrid Operation in Darfur; UNDOF, United Nations Disengagement Observer Force; UNFICYP, United Nations Peacekeeping Force in Cyprus; UNIFIL, United Nations Interim Force in Lebanon; UNMIK, United Nations Interim Administration Mission in Kosovo; UNMIL, United Nations Mission in Liberia; UNMIS, United Nations Mission in the Sudan; UNMIT, United Nations Integrated Mission in Timor-Leste; UNOCI, United Nations Operation in Côte d'Ivoire; UNOMIG, United Nations Observer Mission in Georgia; UNSOA, United Nations Support Office for AMISOM.

25. Travel expenditure for staff and representatives at special political missions for the biennium 2010-2011 totalled $40 million. OIOS was unable to determine travel costs included in other staff costs because the information was not captured separately.

26. Further breakdown of travel expenditures is shown in annex I to the present report.

27. The expenditures indicated in the present report reflect the closest estimates of travel costs that can be obtained in a cost-effective manner. Travel costs at locations using IMIS were charged to 56 object classes and 918 object codes of expenditure

from source documents such as travel authorizations, letters of authorization to the United Nations Development Programme (UNDP) for arranging travel on behalf of the Secretariat, invoices, miscellaneous obligating documents and journals. Only expenditures originating from travel authorizations, which account for the vast majority of travel expenditures, were included. Making the data more complete would have involved extensive effort in terms of analysing each of the 918 object codes to take into account the entries from other source documents and adjustments for refunds and reallocations between duty stations.

28. At peacekeeping missions and some special political missions, travel authorizations are not source documents for accounting. Therefore, they were not captured in the Sun system. Consequently, the travel expenditures estimated exclude amounts charged to non-travel-related object codes. This situation is expected to change with the implementation of Umoja.

C. Management of air travel

Regulatory framework

1. There were no written procedures to implement travel policies

29. Travel policies are included in administrative issuances, but these mainly relate to staff entitlements promulgated by the Office of Human Resources Management (OHRM), and there were no written procedures to help implement the policy. For example, administrative instruction ST/AI/2006/4 on official travel states that travel shall be by the most direct and economical route, but the considerations to be taken into account when determining the fare that complies with the policy at the most economical cost have not been formally clarified. Other intergovernmental organizations have approached this by defining how the lowest logical airfare should be determined. Although Headquarters has used the term in the travel management services contract, it was not defined.

30. A clearly defined lowest logical airfare reduces the time taken to make and approve airline reservations, facilitates consistency in determining fares, and streamlines the criteria to conduct fare audits to ensure that the travel management services contractor is complying with the travel policy.

Recommendation 2

The Office of Central Support Services (OCSS) should issue written procedures on the implementation of travel policies, including a clear definition of the lowest logical airfare.

The Department of Management accepted recommendation 2 and stated that formal guidance will be issued once a revised administrative instruction on official travel is issued.

2. Directive on advance issuance of tickets not fully implemented throughout the Secretariat

31. To reduce the cost of airfares, the Under-Secretary-General for Management directed all travel offices to not approve travel requests or issue the related tickets less than two weeks prior to departure, unless appropriate justification was provided.

32. Headquarters, the United Nations Office at Geneva, the United Nations Office at Vienna and the United Nations Office at Nairobi implemented the directive, but MONUSCO and UNAMI were unaware of it at the commencement of the audit.

33. The Travel and Transportation Section at Headquarters stated that it was the responsibility of the respective departments to monitor compliance with the directive; however, in order to ensure that the practice becomes established, OIOS is of the view that OCSS needs to monitor compliance with the directive periodically throughout the Secretariat.

Recommendation 3

OCSS should monitor compliance with the directive on advance issuance of air tickets to ensure that the practice becomes established throughout the Secretariat.

The Department of Management accepted recommendation 3 and stated that OCSS will request all departments to report to the Assistant Secretary-General of the Office of Central Support Services on their compliance with the directive.

3. Global management of travel is needed to increase benefits derived from airline agreements

34. Headquarters, the United Nations Office at Geneva, the United Nations Office at Vienna and the United Nations Office at Nairobi had entered into agreements with airlines that offered discounts or discounted fares. The agreements generally provided discounts only for travel originating from identified countries; however, a significant number of tickets purchased were for journeys originating from other countries. Staff members also embarked on multi-leg journeys, travelling on flights operated by different carriers, which also did not provide any discount on the legs of the itinerary outside the specified countries.

35. Since airline discounts are generally higher when tickets are issued in the country where travel originates, the Organization was missing out on discounts that could have been used if travel management was coordinated globally.

36. The Travel and Transportation Section explained that the current fragmented management information system does not enable a consolidated view of data; however, this situation should improve with the implementation of Umoja.

37. In Nairobi, discounts were available only to United Nations organizations that had signed memorandums of understanding with the United Nations Office at Nairobi. Therefore, there was an opportunity for other United Nations organizations to obtain these discounts when purchasing tickets through their respective vendors.

Recommendation 4

OCSS should assess the possibility of adopting a more global approach to travel management by: (i) getting duty stations to arrange travel originating from their location irrespective of the office paying for the travel; and (ii) negotiating airline agreements based on consolidated requirements across duty stations so that there would be more travel volumes originating from each country and more sectors that would qualify for the negotiated fares.

The Department of Management accepted recommendation 4 and stated that Umoja is expected to facilitate consolidation of currently fragmented data, and OCSS will again review the possibility of having a global approach to travel management.

4. Consolidated travel reports are needed to improve travel management at Headquarters

38. The reports provided by the travel management services contractor at Headquarters were disaggregated, thereby making it difficult to correlate different travel statistics to inform management decisions.

39. The United Nations Office at Geneva, however, used a dashboard to obtain an overview of travel patterns to inform management decisions. The dashboard displayed a series of important travel data, along with comparative figures of previous years such as the number and cost of tickets purchased, savings from various types of airfares, and costs for the top 10 airlines and top 10 routes. At quarterly review meetings, the travel management services contractor provided additional analysis of tickets issued by origin of travel, and for a sample of routes, provided a comparison of the fare available in Geneva with that in the country from which the journey originated.

40. The type of information being monitored by the United Nations Office at Geneva is very useful and could serve as a best practice for all duty stations.

Recommendation 5

OCSS should consolidate reports on air travel to better correlate information that is needed to manage the travel function effectively.

The Department of Management accepted recommendation 5 and stated that OCSS is working on creating a dashboard which will entail year-to-date data for various key travel expenditure components. The dashboard will be refreshed periodically to manage the travel function.

5. Requirement for concurrent auditing of airline reservations at Headquarters should be reassessed

41. The Travel and Transportation Section validated 100 per cent of fares; however, this diluted the responsibility of the contractor to issue tickets in compliance with the travel policy. It also distracted the Travel and Transportation Section from more effectively managing the travel management services contract and airline agreements.

42. A benchmark of practices followed by other organizations indicated that they did not check 100 per cent of transactions. Concurrent auditing should be risk-based. For example, domestic travel, which had low volumes and an average ticket price of $214 in 2011, and simple point-to-point international flights — for example, New York to Geneva or Vienna — should not require concurrent audits because the risk of overpayment for these journeys is relatively low.

Recommendation 6

OCSS should revise its procedures for concurrent auditing of airline reservations to make it risk-based.

The Department of Management accepted recommendation 6 and stated that OCSS will establish a minimum tolerance by June 2013. The current IMIS workflow requires the Travel Analysis and Coordination Team to obligate funds; therefore, each transaction must be reviewed and approved. This current set-up of the travel authorization process cannot be altered until a new workflow is implemented when Umoja is launched.

6. Tracking of refunds due on refundable tickets needs to be better coordinated at Headquarters

43. At Headquarters, refunds amounted to $3 million in 2011. Apart from the monthly sales invoice, the travel management services contractor did not report on the status of refund processing, which made it difficult to follow up long-outstanding cases and increased the risk of unrealized refunds. The Travel and Transportation Section was of the opinion that the respective executive offices and OPPBA should be responsible for tracking the refunds. However, these offices did not have sufficient information to do so.

44. The travel management services contractor had offered a service to research its database for unused tickets and initiate ticket refunds at an additional fee, but this service was not utilized because it was too expensive. OIOS is of the view that there is a need to implement a process that would facilitate the identification and processing of all refunds due.

Recommendation 7

OCSS, in coordination with OPPBA, should establish a system to track refunds due on refundable tickets.

The Department of Management accepted recommendation 7 and stated that OCSS will establish a process to track refunds. OCSS is not notified by the departments when a staff member is unable to travel. OCSS will assign a resource with the travel agency to track refundable tickets.

7. Need to develop and implement performance indicators and monitoring mechanisms

45. Service level agreements were included as annexes to the travel management services contracts and provided the basis to evaluate vendors' performance. At the United Nations Office at Geneva, the travel management services contract contained 95 performance indicators, many of which had been requested by other agencies participating in the contract. However, the indicators were not regularly monitored and the frequency and methods of reporting on the contractor's performance were not specified. As a result, of the 95 measures included, only one was regularly reported upon. Nine indicators were considered not applicable and four could not be measured. Furthermore, the Travel Section in Geneva agreed with the travel management services contractor to conduct a one-off external audit of the fares, although this performance measure was not included in the contract.

46. At Headquarters, the latest service level agreement required that the contractor's performance be evaluated quarterly on four key performance indicators, as follows: (i) traveller or travel arranger satisfaction; (ii) reservation accuracy; (iii) customer service response time; and (iv) telephone speed of answer. The key performance indicators related only to the efficiency aspects of service delivery; there were no key performance indicators related to cost-effectiveness, such as increasing the number of tickets at the lowest fare that apply for a discount.

47. The United Nations Office at Nairobi had not developed performance indicators, although a service level agreement had been included in the terms of reference used during the bidding process. Consequently, no mechanisms were set up to measure and evaluate the travel agents' performance against verifiable criteria.

48. In Vienna, although the United Nations Office at Vienna routinely verified ticket prices and itineraries proposed by the travel management services contractor, it did not establish a formal contract performance monitoring system. As a result, volume discounts, referred to as "super commission", and early payment rebates from 2008 to 2010 amounting to $221,000 were not collected or followed up. The United Nations Office at Vienna also did not verify that the travel management services contractor had provided the agreed number of on-site staff members. Only five of the seven professional staff stipulated in the contract terms were permanently employed in the travel management services contractor's office. Furthermore, customer satisfaction surveys were not carried out annually as required.

49. Unless performance indicators are properly defined and the frequency and methodology of assessing and reporting on them is specified, it is unlikely that they will be effective as a tool to monitor vendors' performance.

Recommendations 8 to 11

The United Nations Office at Geneva should make the indicators in the service level agreement for the contract for travel management services fewer in number, and contractually agree upon the frequency and means of measuring and reporting on them.

The United Nations Office at Geneva accepted recommendation 8 and stated that this point has already been taken into account. The scope of work for the future travel management services and visa processing services includes a limited list of 11 specific key performance indicators with related targets.

OCSS should ensure that the service level agreement with the travel management services contractor at Headquarters includes performance indicators that measure the cost-effectiveness of travel arranged.

The Department of Management accepted recommendation 9 and stated that OCSS will discuss and negotiate with the travel agency with assistance from the Procurement Division.

The United Nations Office at Nairobi should develop performance indicators based on the service level agreement's minimum levels of performance and competencies for monitoring the performance of travel agents.

The United Nations Office at Nairobi accepted recommendation 10 and stated that performance indicators will be taken into account in the terms of reference for the upcoming tender.

The United Nations Office at Vienna should put in place a documented performance monitoring system for the travel services contract, including proper controls over the collection of "super commission" and early payment rebates, periodic verification of contractor's staff attendance and follow-up to annual satisfaction surveys to be conducted by the contractor.

The United Nations Office at Vienna accepted recommendation 11 and stated that it will put in place a documented performance monitoring system that will include follow-up of rebates and commissions, contractor's staff attendance and annual satisfaction survey.

8. The use of technology at Headquarters for travel management should be improved

50. The travel management services contract allows the Travel and Transportation Section to use the contractor's online booking tool; however, it was not being used. If properly implemented, the online booking tool should result in: (i) reduced costs of

travel owing to cheaper online fares, streamlined processes for approving reservations, and quicker issuance of tickets; (ii) travellers opting for less expensive fares/voluntarily downgrading travel entitlements when presented with a range of fare options; and (iii) reduced number of live agents required.

51. The Travel and Transportation Section is reviewing the online booking tool and plans to commence online booking in the next few months. Significant work will be required to configure and test the tool to ensure that the cheapest fare in compliance with the travel policy is offered and selected by the user.

52. The OIOS review of the Umoja process design document on official travel indicated that technology could be used much more than currently envisaged. Some of the processes could be automated and, in conjunction with functionalities in Umoja and the online booking tool, allow fares meeting certain criteria to be approved and tickets issued without human intervention. Cases with complex requirements would continue to be processed by live agents.

Recommendations 12 and 13

OCSS should implement an online booking tool as a priority for defined categories of travel; for example, domestic and simple international flights.

The Department of Management accepted recommendation 12 and stated that OCSS has engaged the travel agency to deploy a more robust online booking tool, which will be configured to meet the requirements of the Secretariat.

OCSS should use a combination of automated quality control and Umoja routines to reduce the manual effort involved in the travel approval process and to carry out other functions to improve efficiency.

The Department of Management accepted recommendation 13 and stated that OCSS is in the process of deploying an additional tool in this area.

Coordinated management

9. There was adequate coordination among United Nations system travel managers

53. Travel managers met at least annually as members of the Headquarters Working Group on travel and the Inter-Agency Travel Network to discuss a broad range of topics related to travel. Additionally, UNDP was working as an active partner with the Travel and Transportation Section in jointly managing the travel management services contract.

10. Coordination among travel managers in the Secretariat needs to be strengthened

54. The Travel and Transportation Section provides technical guidance to field missions, such as reviewing bid solicitation documents at their request and visiting them periodically. Guidance is provided on an as-needed basis because the Travel

and Transportation Section does not have a mandate to oversee Travel Sections in other duty stations. However, stronger coordination within the Secretariat, such as periodic meetings and sharing of best practices, would be beneficial to all.

55. The Travel and Transportation Section explained that it is evaluating, together with the Department of Field Support, the production of a boilerplate design for travel management services contracts for peacekeeping missions, but resources have not been allocated to the initiative.

Recommendation 14

OCSS should develop mechanisms to increase coordination among travel managers in the Secretariat.

The Department of Management accepted recommendation 14 and stated that OCSS is compiling a list of travel managers across the Secretariat. OCSS will send relevant communication to all travel personnel, including engaging them in forums such as the Inter-Agency Travel Network.

D. Bidding and procurement of air travel services

Regulatory framework

1. Legal compliance review of bids needs to be formalized at Headquarters

56. The Procurement Division conducts a legal compliance review as part of the procurement process from time to time. This review is designed to assess the willingness of vendors to accept the United Nations contractual terms and conditions and to give comparative advantage to those vendors who are willing to accept them without reservations. The objective of the review is to determine in advance areas of potential disagreement with bidders that might create significant unacceptable risks to the United Nations and to avoid protracted negotiations during the contracting phase. However, the requirement to conduct the review is not currently an established part of the procurement process. Consequently, there is no guidance on when the review should be conducted and what actions should be taken in cases where vendors reject clauses that are deemed to be significant in protecting the United Nations interests or mitigating its risks.

57. The winning bidder of the travel management services contract did not accept several provisions in the draft agreement and the United Nations General Conditions of Contract that accompanied the request for proposal; however, this was not reflected in the bid evaluation. The Procurement Division only consulted the Office of Legal Affairs after the contract had been awarded and contract negotiations took over a year to conclude.

58. The Procurement Division needs to clarify when a legal compliance review is required and how the results will be used in the evaluation process, including whether disagreement with some terms and conditions may be serious enough to disqualify a bidder. It is also important to involve the Office of Legal Affairs in the

legal compliance review during the commercial evaluation process so that bids are comprehensively evaluated and legal compliance issues given due consideration before the award of a contract.

Recommendation 15

OCSS should include appropriate guidance in the Procurement Manual on conducting legal compliance reviews as part of the bid evaluation process.

The Department of Management accepted recommendation 15 and stated that it will be implemented in the next revision of the Procurement Manual.

2. The Procurement Division did not constitute a commercial evaluation team or prepare a formal commercial evaluation report

59. Commercial evaluations for two travel-related contracts were conducted by the Procurement Division without preparing commercial evaluation reports, as required by section 11.8 of the Procurement Manual, showing who performed and approved the evaluation and whether any assumptions were made during the evaluation. For the travel management services contract, UNDP, which represented other United Nations entities and was extensively involved in the procurement process up to the technical evaluation stage, was not invited to participate in the commercial evaluation. In its case presentation to the Headquarters Committee on Contracts, the Procurement Division stated that its travel consultant had pointed out an error in computations. To reduce the risk of errors, commercial evaluations for complex contracts (in this case involving two service delivery options and requirements from multiple agencies) should be performed by a team instead of a single procurement officer. This would also give other agencies participating in a joint procurement exercise the opportunity to be aware of the outcome of the evaluation and the resultant contractual liability, before a recommendation for contract award is made to the Headquarters Committee on Contracts.

Recommendation 16

OCSS should ensure that commercial evaluation teams are established to evaluate complex cases as required by section 11.8 of the Procurement Manual, and that formal commercial evaluation reports are prepared/documented.

The Department of Management accepted recommendation 16 and stated that the Procurement Division will issue a memorandum to remind procurement staff of the established guidelines on commercial evaluation and to ensure that due diligence is observed, in accordance with the Procurement Manual.

3. Process of identifying potential bidders for the travel management services contract at Headquarters was not adequately documented

60. For the travel management services contract, the Procurement Division, together with a consultant who conducted market research, identified eight potential bidders. This is less than the number required by the Procurement Manual, which states that the procurement officer should endeavour to invite a minimum of 25 vendors for acquisitions over $5 million.

61. Apart from the publication of the Expression of Interest and a list of vendors presented by the consultant for discussion, there was no documentation on how the market research was conducted. The consultant did not submit a report on the methodology used to conduct his market research and the final results, and the Procurement Division did not document how it complemented the research by searching other sources such as the United Nations Global Marketplace and Procurement Division vendor databases. The identification of potential vendors is the foundation of a bidding process that requires that adequate efforts be made to explore potential bidders, and that those efforts be documented to demonstrate transparency.

Recommendation 17

OCSS should ensure that the Procurement Division consistently documents its process of developing the list of potential vendors to participate in solicitation exercises to demonstrate transparency in the process.

The Department of Management accepted recommendation 17 and stated that the Procurement Division will issue a memorandum to remind procurement staff of the established guidelines on documenting the process of developing the list of potential vendors and to ensure that due diligence is observed, in accordance with the Procurement Manual.

4. Participating entities other than Headquarters were not taking advantage of the travel payment system contract

62. The travel payment system contract is for the provision of commercial and prepaid card services, which includes the travel payment system. It covers the Secretariat and field missions, which are the primary participating entities, and up to 28 United Nations agencies, funds and programmes, which could also participate in the contract after signing a participation agreement. The expected revenue from the use of cards provided by the contractor is $3.6 million in the five-year period.

63. The income from the contract for the use of the cards is dependent on two components: (i) the total volume of transactions; and (ii) the timeliness of payments. If the transactions of other eligible entities are consolidated, there will be higher income for all participating entities, as higher rebates will apply. However, currently only Headquarters is using this contract and other entities do not get any revenue on their travel-related payments.

64. OPPBA explained that the winner of the travel payment system contract made a presentation on its use at a meeting of United Nations treasurers in December 2011. The information provided was also posted on the United Nations treasurers' blog. However, there was no formal communication to all agencies, funds and programmes to make use of the travel payment system contract.

Recommendation 18

OPPBA should inform all Secretariat and other participating entities about the contract for the provision of commercial and prepaid card services that could be used to generate revenue.

The Department of Management accepted recommendation 18 and stated that OPPBA will formally inform all Secretariat and other participant entities again about the contract for the provision of commercial and prepaid card services before 30 June 2013.

Coordinated management

5. Coordination among participating entities was effective

65. There was good coordination among the various parties in arranging the travel management services and travel payment system contracts. The needs of participating entities were well defined. The initiative taken by OPPBA and the Procurement Division in establishing the travel payment system contract that could be used by several United Nations offices was commendable.

E. Delegation of authority by the Secretary-General for granting exceptions to standards of accommodation for air travel

Regulatory framework

66. United Nations standards of accommodation for air travel are governed by a series of General Assembly resolutions and administrative issuances. Exceptions to these standards may be allowed on a case-by-case basis.

67. The total additional costs of air travel exceptions (the difference between the travel entitlement and the actual amount paid for authorized exceptions) for the calendar years 2009, 2010 and 2011 were $372,000, $408,000 and $534,000, respectively. Most of the exceptions granted pertained to security officials accompanying the Secretary-General, the Deputy Secretary-General or the President of the General Assembly. Medical condition was the second major exception category for the same period.

68. Existing policies and procedures were satisfactory to govern the granting of exceptions to standards of accommodation for air travel, and were implemented consistently. Administrative instruction ST/AI/2006/4 delegated the authority for granting exceptions to the Under-Secretary-General for Management, who further delegated this authority to the Director in the Office of the Under-Secretary-General.

Exceptions authorized by the Secretary-General were reported biennially to the General Assembly.

F. Cost-benefit analysis of the lump-sum option for travel and relocation

69. The lump-sum option on travel was first introduced in 1990 to achieve financial savings and simplify the process for making travel arrangements. Staff members travelling on home leave, family visit, education grant travel, repatriation and separation from service may opt for a lump-sum payment in lieu of all entitlements related to the particular travel. The lump-sum payable is 75 per cent of the full economy class fare by the least costly air carrier from the staff member's duty station to the airport closest to the approved destination.

70. The relocation grant was introduced in 2006. Internationally recruited staff members entitled to unaccompanied shipment on appointment or assignment for one year or longer, transfer or separation from service may opt for a lump-sum payment in lieu of the entitlement. The global rates of relocation grants are: (i) single rate: $10,000; (ii) family rate: $15,000; and (iii) staff members on temporary appointments: $1,200.

71. Staff members predominantly utilize the lump-sum option of travel. During the biennium 2010-2011, a total of 4,755 such travels were undertaken by staff members at Headquarters, offices away from Headquarters and regional commissions. Table 5 provides a breakdown of the travel.

Table 5
Travel in the biennium 2010-2011 for which the lump-sum option applied
(in United States dollars)

	Total		*United Nations-arranged travel*			*Lump sum*		
	Number	*Cost*	*Number*	*Cost*	*Percentage of travellers*	*Number*	*Cost*	*Percentage of travellers*
Home leave	3 594	23 511 790	220	758 622	6	3 374	22 753 168	94
Family visit	84	235 037	3	5 621	4	81	229 416	96
Education grant	649	1 701 096	88	157 810	14	561	1 543 286	86
Separation	428	3 481 388	136	436 217	32	292	3 405 171	68
Total	**4 755**	**28 929 311**	**447**	**1 358 270**	**9**	**4 308**	**27 931 041**	**91**

Source: Extracted from data provided by the Financial Information Operations Service of OPPBA.

72. Total expenditures for these categories of travel at peacekeeping missions for the 2009-2010 and 2010-2011 financial years amounted to $21 million and $24 million, respectively. OIOS could not separately identify the related expenditures for special political missions, as they were consolidated with other staff costs. Owing to data limitations, it was not possible to determine readily the number of travellers and whether or not they utilized the lump-sum option.

73. OIOS based the cost-benefit analysis of the relocation grant on shipments at five United Nations offices during 2011. Relocation expenditures for those offices

amounted to $11.9 million during 2011. Table 6 provides a breakdown of the relocation-related disbursements in 2011.

Table 6
Relocation expenditures in 2011
(in United States dollars)

	Total		*United Nations-arranged shipment*			*Lump-sum*		
United Nations Office	*Number*	*Cost*	*Number*	*Cost*	*Percentage of travellers*	*Number*	*Cost*	*Percentage of travellers*
Headquarters	410	3 481 774	94	656 974	23	316	2 824 800	77
United Nations Office at Geneva	602	4 736 691	46	270 491	8	556	4 466 200	92
United Nations Office at Nairobi	214	2 237 299	3	19 899	1	211	2 217 400	99
Economic and Social Commission for Asia and the Pacific	91	1 008 443	6	18 643	7	85	989 800	93
Economic Commission for Latin America and the Caribbean	45	407 244	2	15 444	4	43	391 800	96
Total	**1 362**	**11 871 451**	**151**	**981 451**	**11**	**1 211**	**10 890 000**	**89**

Source: Compiled by OIOS based on the information provided by the individual entities.

1. Analysis of benefits of lump-sum options

No periodic assessment of the benefits of lump-sum options was conducted

74. The Department of Management has not conducted an analysis of the lump-sum option for travel since 1995 (see A/C.5/50/50). Therefore, there is no updated data on the rates of utilization of the lump-sum option or on travel patterns of staff members when they use the option to determine whether the assumptions made in designing the option are still valid and that the option continues to benefit the Organization. OIOS, in its 2008 audit of travel arrangements in the Secretariat (assignment No. AH2008/513/04), had advised that the Department of Management should conduct a study on the efficiency and effectiveness of the lump-sum option and assess whether it continues to be the most economical way to optimize travel resources.

Recommendation 19

The Department of Management should conduct periodic assessments of the costs and benefits of lump-sum options to ensure that the assumptions are still valid and that the option continues to be justified based on established criteria.

The Department of Management accepted recommendation 19; however, since this issue is undergoing several evolving efforts and requires coordination, a target implementation date of 31 March 2015 has been set, in order to take into account the outcome of certain concurrent activities.

2. Methodology

75. OIOS compared lump-sum amounts payable with the costs of travel and relocation shipments had they been arranged by the United Nations. Duty stations at six offices — Headquarters, the United Nations Office at Geneva, the United Nations Office at Nairobi, the Economic and Social Commission for Asia and the Pacific, the Economic Commission for Latin America and the Caribbean and the United Nations Mission in Liberia (UNMIL), were selected for the analysis, ensuring a geographical spread that is representative of the locations at which the Organization is present. However, since relocation shipment data pertaining to UNMIL were not comparable with other family duty stations, they were not used for further analysis.

76. Cost comparisons were calculated for travel originating from each duty station to up to five destinations to which staff members travel most frequently, based on previous experience, covering all continents. The analysis was based on the average of fares booked during August 2012 for trips expected to take place during a two-week period in three different travel seasons.

3. Cost analysis of the lump-sum option for travel

(a) Components of the cost comparison

Lump-sum amount payable

77. The term "full economy-class fare" used in administrative instruction ST/AI/2006/4 as the basis for calculating the lump-sum no longer exists in current airline terminology. Travel Sections determine the reference fare for the lump-sum using the lowest unrestricted published fare. Where there is no valid fare that conforms to United Nations travel policies, "Flex Fares" published by the International Air Transport Association (IATA) are used.

Total estimated travel costs

78. The total estimated travel costs comprise airfares based on fares available to the United Nations under airline agreements, terminal expenses, cost of unaccompanied shipment of personal effects and household goods and excess baggage, as well as incremental costs of the travel agent to issue the ticket and for the administration sections to arrange shipment and process claims. Some travel costs were not included in this analysis because of the difficulty in determining reasonable estimates. OIOS, in cooperation with OPPBA, estimated the incremental travel agency costs to issue tickets and additional administrative effort for the United Nations to arrange staff travel at $164 per trip.

79. Staff Rule 7.15 (g) states that charges for unaccompanied shipment of personal effects or household goods relating to travel on home leave, family visit or education grant may be reimbursed up to a maximum amount established by the Secretary-General. Since the maximum amount referred to in this Rule has not yet been established, reference was made to Rule 107.21 (g) (i) as amended by ST/SGB/2007/1, which, even though abolished, is still in use by the Secretariat. OHRM needs to establish the maximum amount of unaccompanied shipment allowed under Rule 7.15 (g).

Recommendation 20

OHRM should establish the maximum amount of personal effects or household goods that may be shipped as unaccompanied shipment in relation to travel on home leave, family visit or education grant allowed for under Staff Rule 7.15 (g).

The Department of Management accepted recommendation 20 and stated that OHRM will issue a new administrative instruction on excess baggage, shipments and insurance (replacing ST/AI/2006/5) to articulate all excess baggage and unaccompanied shipments entitlements that were previously pronounced under former Staff Rule 107.21. This is currently under consultation.

80. Staff Rule 107.21 (g) (i) provides for reimbursement of charges for unaccompanied shipment up to a maximum of 50 kilograms, or 0.31 cubic metres, per person for both the incoming and outgoing journeys. Shipment costs were estimated based on historical expenditure or quotations received from vendors at the various duty stations.

(b) Cost comparisons

81. Based on the results of the computations, lump-sum amounts payable to staff members were on average 77 per cent of the total estimated costs of United Nations-arranged travel. For individual routes, lump-sum amounts ranged from 43 per cent to 123 per cent of the total estimated travel costs. The detailed computations are shown in annex III.

(c) Commentary on cost comparison

Reference fare for lump-sum

82. Computing the reference fares based on the lowest unrestricted published fare generally results in higher lump-sum amounts. Calculations based on other reference fares could allow the lump-sum option to remain attractive, while needing less effort to determine the amount. Examples include:

(a) Determining the average cost per mile and multiplying that by the distance to be travelled;

(b) Using the IATA "Flex Fare" to determine a percentage to give to staff members bearing in mind that Flex Fares are generally higher;

(c) Determining a zone fare for each continent or part of a continent;

(d) Considering some amount of restrictions when determining the reference fare since most passengers do not require the level of flexibility offered by least restrictive fares;

(e) Changing the current rate of 75 per cent applied to arrive at the lump-sum amount.

83. For the purpose of this analysis, reference fares were determined by both the Travel and Transportation Section and the Travel Sections at the various locations. There were differences of plus and minus $1,200 in lump-sum amounts calculated. These differences were attributed to the dynamic nature of fares, as published fares are based on availability and are yield-managed; that is, they are continuously adjusted by airlines based on enquiries and sales patterns. Differences also arise in deciding which restrictions are allowable in determining "the lowest unrestricted published fare", which could be subjective. There are also no updated guidelines for computing the lump-sum, which adds to inconsistent application of the policy.

Recommendation 21

OCSS should update the guidance for determining reference fares for calculating the lump-sum amount for travel to ensure consistency and reduce subjectivity.

The Department of Management accepted recommendation 21 and stated that OCSS will build on the existing guidance it had developed for offices away from Headquarters, to take into account a recent development in this area, and formally circulate it to all relevant offices, including peacekeeping missions and offices away from Headquarters.

Utilization of unaccompanied shipment and excess baggage entitlements

84. The cost of an unaccompanied shipment is a major cost component in the total estimated travel costs and sometimes accounted for more than 50 per cent of the total cost. However, in most situations staff members did not utilize the unaccompanied shipment entitlement. During the biennium 2010-2011 at Headquarters, only 10 out of 28 staff members (36 per cent) who had their travel arranged by the Organization for home leave used this entitlement (United Nations Office at Geneva: 1 out of 4 staff members; United Nations Office at Nairobi: 4 out of 19 staff members).

85. The extent to which staff members send unaccompanied shipments to their destinations when they opt for the lump-sum cannot be estimated. However, in view of the high unaccompanied shipment costs observed, it can be assumed that if staff members needed to ship up to the entitled amounts, they would elect to have the United Nations arrange their travel. Lump-sum amounts payable were approximately 183 per cent of estimated travel costs excluding shipment.

Cost considerations under United Nations-arranged travel

86. Administrative costs avoided (relating to unaccompanied shipment and travel claims processing) during the biennium 2010-2011 as a result of applying the lump-sum option was estimated at $706,000, or 1,885 person days, based on the number of trips in table 5 (4,308 trips at an additional cost of $164 per trip). This is the approximate equivalent of the remuneration/person days worked by nine General Service staff members in New York. However, actual additional costs of the United Nations arranging all travel would be higher, owing to the need to provide

additional resources at major duty stations to undertake the anticipated increased volume of work.

4. Cost analysis of the relocation grant

(a) Analysis of United Nations-arranged shipment

87. As shown in table 7, the average cost of United Nations-arranged shipment per staff member in 2011 ranged from $3,107 (Economic and Social Commission for Asia and the Pacific) to $7,722 (Economic Commission for Latin America and the Caribbean). This is significantly lower than the single rate of relocation grant of $10,000 per staff member. Factoring in the administrative costs of United Nations-arranged shipment, the unit shipment cost per staff member ranged from $3,271 (Economic and Social Commission for Asia and the Pacific) to $7,888 (Economic Commission for Latin America and the Caribbean), which was still significantly lower that the lump-sum amounts for relocation.

88. In terms of weight, the net shipped kilograms per staff member ranged from 241 kilograms (Economic and Social Commission for Asia and the Pacific) to 2,615 kilograms (Headquarters). This is also lower than the maximum entitlements provided under Staff Rule 107.27 (as amended by ST/SGB/2002/1, which, even though abolished, is still in use by the Secretariat), which are 4,890 kilograms for a single staff member and 8,150 kilograms for a staff member with spouse or dependent child. However, if staff members had used their full shipment entitlement, it would have cost the Secretariat significantly more than the lump-sum amounts as shown in table 7.

Table 7
Unit shipment cost/cargo by United Nations Office for 2011
(in United States dollars)

	Actual					*Estimated cost of full entitlement*		
United Nations Office	*Number of shipments*	*Shipment cost*	*Net cargo shipped (kgs)*	*Shipment cost per staff member*	*Net cargo shipped per staff member (kgs)*	*Average cost per kg*	*Single staff member at 4,890 kgs*	*Staff member with spouse or dependant child at 8,150 kgs*
Headquarters	94	656 974	245 792	6 989	2 615	2.67	13 070	21 784
United Nations Office at Geneva	46	270 491	39 919	5 880	868	6.78	33 135	55 224
United Nations Office at Nairobi	3	19 899	3 456	6 633	1 152	5.76	28 156	46 926
Economic and Social Commission for Asia and the Pacific	6	18 643	1 443	3 107	241	12.92	63 177	105 295
Economic Commission for Latin America and the Caribbean	2	15 444	3 500	7 722	1 750	4.41	21 577	35 962

Source: Compiled by OIOS from information on shipment provided by the individual offices.

89. Although the 2011 actual United Nations-arranged shipment costs per staff member were lower than the relocation grant amounts, other factors must be considered in the analysis of the benefits of the relocation grant. These include the availability of freight services, cargo type, logistical difficulties and staff behaviour patterns on the use of the entitlement and replacement cost of locally purchased personal effects as allowed under administrative instruction ST/AI/2006/5.

90. The relocation grant rates do not take into account any geographical information. In order to maximize the advantages of the lump-sum option, an approach should be considered that takes into account the geographical zones. This would necessitate a zonal, rather than a global, rate, based on distance and other factors, as noted above.

Recommendation 22

The Department of Management should review the current scheme for the relocation grant and determine the appropriateness of introducing variable rates of lump-sum amounts for relocation within and among different geographical zones.

The Department of Management accepted recommendation 22 and stated that this item will be added to the agenda of the June 2013 meeting of the Human Resources Network, which will determine the appropriateness of introducing variable rates of lump-sum amounts.

(*Signed*) Carman L. **Lapointe**
Under-Secretary-General for Internal Oversight Services

Annex I

Comments received from the Secretariat on the draft report of the Office of Internal Oversight Services on the comprehensive audit of air travel activities and related practices

1. The Office of Internal Oversight Services (OIOS) sets out below the full text of comments received from audited entities (Office of Central Support Services, Office of Human Resources Management Services, Office of Programme Planning, Budget and Accounts, United Nations Office at Geneva, United Nations Office at Nairobi and United Nations Office at Vienna) on the OIOS draft report on the comprehensive audit of air travel activities and related practices. The inclusion of this information is in line with the decision of the General Assembly in its resolution 64/263, following the recommendation of the Independent Audit Advisory Committee. Overall, the audited entities concurred with the recommendations of OIOS. The comments of the entities on the draft report have been incorporated, as appropriate, into the final report.

Office of Common Support Services

Recommendation 2

2. Formal guidance will be issued once a revised administrative instruction is issued by OHRM. The implementation date is contingent upon the issuance of the revised administrative instruction by OHRM, which is currently estimated to be June 2013. OCSS will be able to issue formal guidelines within three months from the date of the issuance of the administrative instruction.

Recommendation 3

3. OCSS shall request all Departments to report on advance issuance compliance to the Assistant Secretary-General of OCSS.

Recommendation 4

4. It is expected that Umoja will facilitate consolidation of currently fragmented data, and OCSS will again review the possibility of having a global approach to travel management.

Recommendation 5

5. OCSS is working on creating a dashboard that will entail year-to-date data for various key travel-related expenditure components. OCSS intends to maintain the dashboard and refresh it periodically to manage the travel function.

Recommendation 6

6. OCSS shall establish a minimum tolerance by June 2013. The current IMIS workflow requires the Travel Analysis and Coordination Team to obligate the funds, and therefore each transaction must be reviewed and approved by the Travel Analysis and Coordination Team. This is the current set-up of the travel authorization process, which cannot be altered until the new workflow commences

under Umoja. The implementation of a new workflow shall begin when Umoja is launched.

Recommendation 7

7. OCSS will establish a process to track refunds. OCSS is not notified by the departments when a staff member is unable to travel. OCSS will assign a resource with the travel agency that will engage in tracking of refundable tickets. This will be a tactical activity, and we expect a resource to be dedicating at the minimum 50 per cent of daily time to this activity.

Recommendation 9

8. OCSS will engage in a discussion with the travel agency. Terms will be negotiated with the travel agency with assistance from the Procurement Division.

Recommendation 12

9. OCSS has engaged the travel agency to commence the process to deploy a more robust online booking tool. The travel agency will configure the tool to meet the United Nations Secretariat requirements.

Recommendation 13

10. OCSS is in the process of deploying a Pre-Trip Auditor tool, which is awaiting contract amendment.

Recommendation 14

11. OCSS is compiling a list of travel managers across the Secretariat. OCSS will send relevant travel-related communications to all active travel personnel, including to engage them in forums such as the Inter-Agency Travel Network.

Recommendation 15

12. The recommendation will be implemented in the next revision of the Procurement Manual.

Recommendation 16

13. Management accepts the exception noted and the recommendation. In an effort to ensure future compliance, management will issue a memo from the Office of the Director of the Procurement Division to procurement staff reminding them of the established guideline to be implemented in their commercial evaluation and to ensure that due diligence is observed, in accordance with the Procurement Manual.

Recommendation 17

14. Management accepts the exception noted and the recommendation. In an effort to ensure future compliance, management will issue a memo from the Office of the Director of the Procurement Division to procurement staff reminding them of the established guidelines to be implemented in their commercial evaluation and to ensure that due diligence is observed, in accordance with the Procurement Manual,

on proper documentation of the process of developing the list of potential vendors participating in solicitation exercises.

Recommendation 19

15. OCSS accepts conducting periodic analysis of the lump-sum option. However, as discussed with OIOS earlier, since this issue is undergoing several evolving efforts and requiring coordination, the target implementation date is kept at a conservative level in order to take into account the outcome of certain concurrent activities.

Recommendation 21

16. OCSS will build on the existing guidance it had developed for offices away from Headquarters and take into account a recent development in this area and formally circulate it to all relevant offices, including peacekeeping missions and offices away from Headquarters.

Office of Human Resources Management

Recommendation 20

17. OHRM will issue a new administrative instruction on excess baggage, shipments and insurance (replacing ST/AI/2006/5) to articulate all excess baggage and unaccompanied shipments entitlements that were previously pronounced under former Staff Rule 107.21. This is currently under consultation.

Recommendation 22

18. This item will be added to the agenda of the June 2013 meeting of the Human Resources Network, which will determine the appropriateness of introducing variable rates of lump-sum amounts.

Office of Programme Planning, Budget and Accounts

Recommendation 1

19. The travel module of Umoja is currently being designed with such requirements in mind. The implementation of the Umoja travel module will increase the capability to produce such financial reports.

Recommendation 18

20. OPPBA will formally inform all Secretariat and other participating entities about the contract for the provision of commercial and prepaid card services before 30 June 2013. While this information was already disseminated during a system-wide meeting of treasurers, a formal communication will be sent to each entity and office.

United Nations Office at Geneva

Recommendation 8

21. This point had already been taken into account by Central Support Services at the United Nations Office at Geneva as at 31 October 2012.

22. The scope of work for the future travel management and visa processing services includes a limited list of 11 specific key performance indicators with related targets.

United Nations Office at Nairobi

Recommendation 10

23. Performance indicators will be taken into account in the terms of reference for the upcoming tender.

24. In addition, the United Nations Office at Nairobi would like to comment on annex III as follows: the United Nations Office at Nairobi understands what the table is supposed to provide, as it is entitled "Comparison of lump-sum amounts with estimated costs of United Nations-arranged travel". However, if looked at in isolation, as some of its target audience may do, it appears that annex III could create the opposite impression of what it is supposed to create. All of the instances looked at during the conduct of the audit in Nairobi resulted in the lump-sum option being of a lower cost for the Organization than if staff members took the United Nations-arranged option. However, the way annex III is currently presented could be interpreted as meaning the opposite and, therefore, the annex needs to be clearer, with the comparison expressed in an unambiguous manner (for example, showing both total costs with and without excess baggage and unaccompanied shipment).[a]

United Nations Office at Vienna

Recommendation 11

25. The General Support Section will put in place a documented performance monitoring system that will include follow-up of rebates and commissions, contractor's staff attendance and annual satisfaction survey.

[a] OIOS comment: annex III has since been revised for clarity.

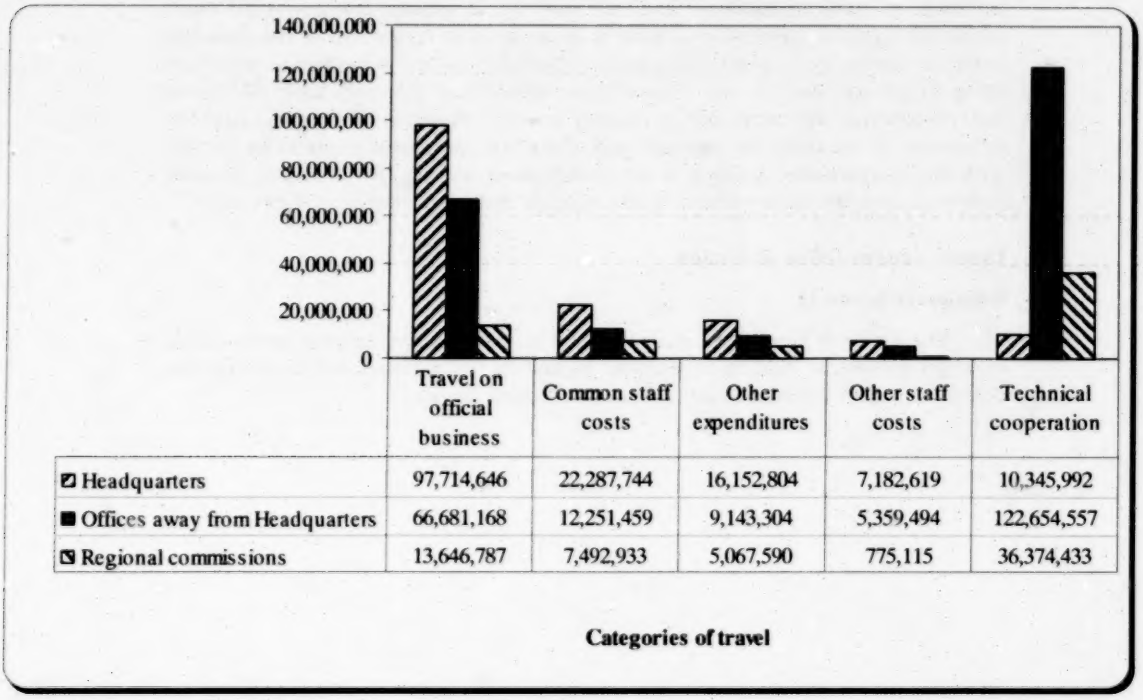
Annex II

Figures I to IV: further breakdown of travel expenditure

(i) Headquarters, offices away from Headquarters and regional commissions

1. At Headquarters, the bulk of the expenditure was charged to travel on official business, whereas at offices away from Headquarters and regional commissions, most of the travel expenditure was charged to technical cooperation, as shown in figure I.

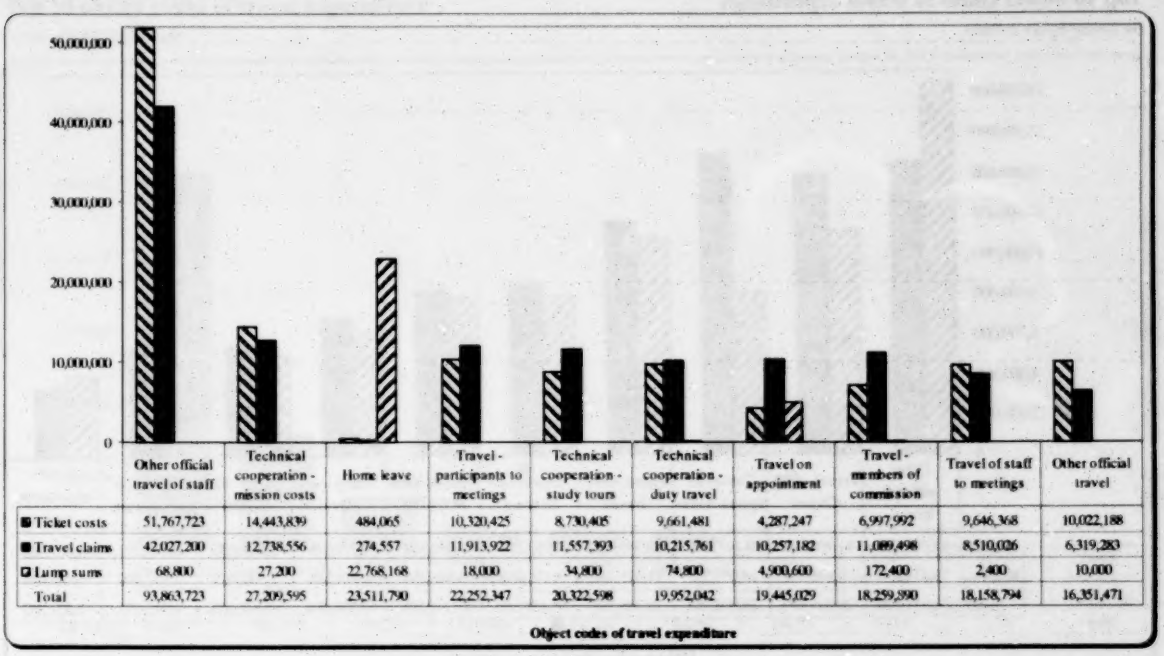
Figure I
Top five classes of travel expenditure
(in United States dollars)



	Travel on official business	Common staff costs	Other expenditures	Other staff costs	Technical cooperation
Headquarters	97,714,646	22,287,744	16,152,804	7,182,619	10,345,992
Offices away from Headquarters	66,681,168	12,251,459	9,143,304	5,359,494	122,654,557
Regional commissions	13,646,787	7,492,933	5,067,590	775,115	36,374,433

2. The majority of travel expenditures was posted to the object code Other official travel of staff, as shown in figures II, III and IV under Headquarters, offices away from Headquarters and regional commissions; peacekeeping missions; and special political missions, respectively.

Figure II
Top 10 object codes of travel expenditure
(in United States dollars)

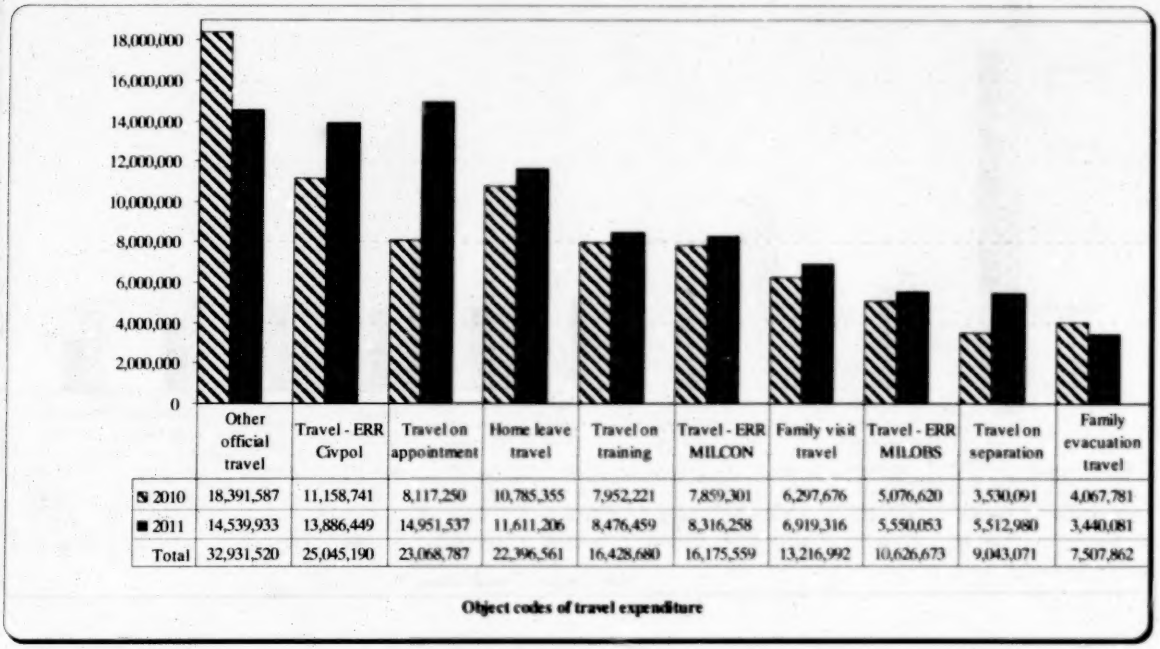


	Other official travel of staff	Technical cooperation - mission costs	Home leave	Travel - participants to meetings	Technical cooperation - study tours	Technical cooperation - duty travel	Travel on appointment	Travel - members of commission	Travel of staff to meetings	Other official travel
Ticket costs	51,767,723	14,443,839	484,065	10,320,425	8,730,405	9,661,481	4,287,247	6,997,992	9,646,368	10,022,188
Travel claims	42,027,200	12,738,556	274,557	11,913,922	11,557,393	10,215,761	10,257,182	11,089,498	8,510,026	6,319,283
Lump sums	68,800	27,200	22,768,168	18,000	34,800	74,800	4,900,600	172,400	2,400	10,000
Total	93,863,723	27,209,595	23,511,790	22,252,347	20,322,598	19,952,042	19,445,029	18,259,890	18,158,794	16,351,471

Object codes of travel expenditure

(ii) Peacekeeping missions

Figure III
Top 10 object codes of travel expenditure
(in United States dollars)

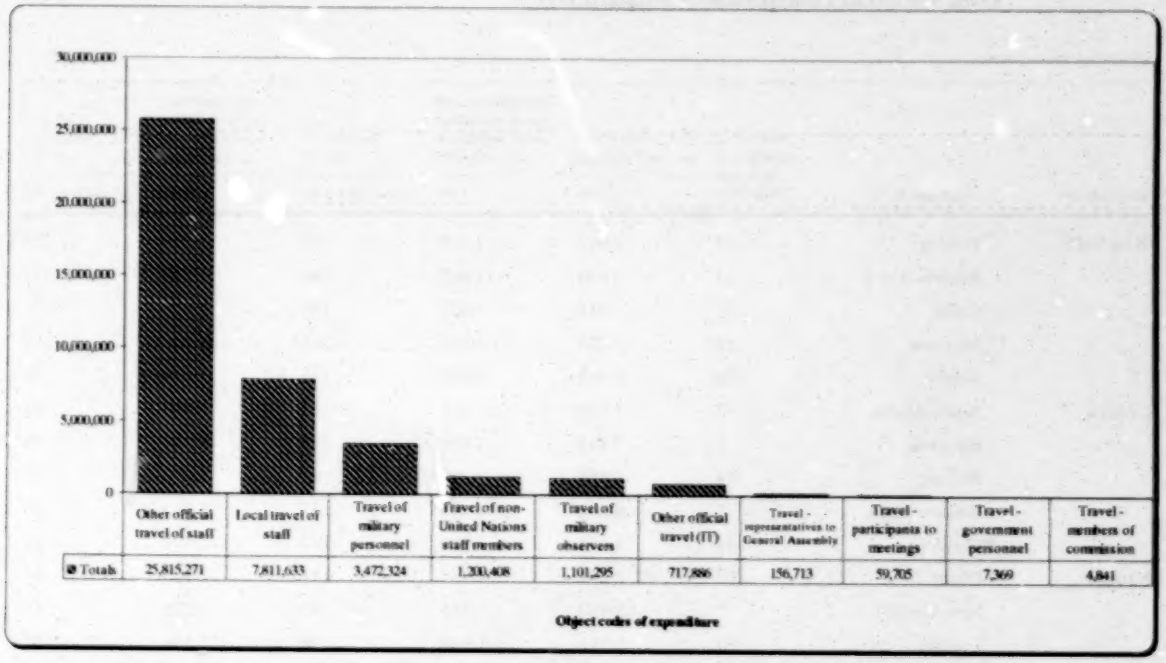


	Other official travel	Travel - ERR Civpol	Travel on appointment	Home leave travel	Travel on training	Travel - ERR MILCON	Family visit travel	Travel - ERR MILOBS	Travel on separation	Family evacuation travel
2010	18,391,587	11,158,741	8,117,250	10,785,355	7,952,221	7,859,301	6,297,676	5,076,620	3,530,091	4,067,781
2011	14,539,933	13,886,449	14,951,537	11,611,206	8,476,459	8,316,258	6,919,316	5,550,053	5,512,980	3,440,081
Total	32,931,520	25,045,190	23,068,787	22,396,561	16,428,680	16,175,559	13,216,992	10,626,673	9,043,071	7,507,862

Abbreviations: ERR, Emplacement, rotation and repatriation; MILCON, Military contingent; MILOBS, Military observers.

(iii) Special political missions

Figure IV
Top 10 object codes of travel expenditure
(in United States dollars)



Abbreviation: IT, Information technology.

Annex III

Comparison of lump-sum amounts payable with estimated costs of United Nations-arranged travel (with and without cost of unaccompanied shipment)

(in United States dollars)

Duty station	*Destination*	*Number of travellers in biennium 2010-2011*	*Lump-sum amounts payable* (A)	*Estimated travel costs excluding unaccompanied shipment* (B)	*"A" as a percentage of "B"* (C=A/B x 100)	*Estimated travel costs including unaccompanied shipment* (D)	*"A" as a percentage of "D"* (E=A/D x 100)
New York	Beijing	83	4 091	1 879	218	3 329	123
	Buenos Aires	23	2 654	1 893	140	3 535	75
	Cairo	31	2 918	1 625	180	3 857	76
	Moscow	118	2 835	1 088	261	4 948	57
	Tokyo	26	4 382	2 082	210	3 624	121
Geneva	Addis Ababa	3	1 894	1 504	126	4 407	43
	Bangkok	4	3 418	1 456	235	4 349	79
	Beijing	14	2 488	1 302	191	4 077	61
	Buenos Aires	7	4 604	1 994	231	5 163	89
	Moscow	49	1 454	990	147	2 979	49
Nairobi	Dakar	10	2 294	1 754	131	2 725	84
	New Delhi	2	1 130	1 216	93	2 228	51
	London	16	1 513	1 939	78	2 658	57
	Moscow	4	1 610	1 547	104	2 795	58
	New York	13	2 936	2 154	136	3 263	90
Bangkok	Beijing	9	1 126	823	137	1 953	58
	New York	6	2 462	1 804	136	3 357	73
	Paris	5	3 109	1 396	223	4 339	72
	Seoul	6	1 361	1 022	133	2 461	55
	Sydney	1	2 327	1 430	163	3 374	69
Santiago	Amsterdam	4	4 391	2 274	193	5 365	82
	Bogota	4	2 330	939	248	3 719	63
	Los Angeles	3	5 078	1 841	276	4 532	112
	Mexico	2	4 373	1 564	280	4 324	101
	Rome	3	4 391	2 148	204	5 328	82
Monrovia	Darussalam	9	2 856	1 827	156	3 069	93
	Kingston	5	4 169	3 378	123	4 769	87
	London	10	2 603	1 904	137	2 897	90
	New York	28	3 333	2 883	116	4 554	73
Totals for 2010-2011 travellers			**1 472 075**	**802 422**	**183**	**1 912 973**	**77**